

Initial Quarterly Loan Review Findings

FHA's Quarterly Loan Review Summary for Quarter ending March 31, 2014

Introduction >>>

The FHA Quarterly Loan Review Findings include all Single Family Post-Endorsement Technical Loan Reviews (PETRs) conducted by FHA between December 31, 2013, and March 31, 2014. **This report reflects the initial rating of each file reviewed during the quarter.** A loan rating of unacceptable may change if the lender provides mitigating documentation to FHA. Even if a rating is subsequently mitigated, an initial rating of unacceptable indicates the loan endorsement file exhibited a material defect at the time of endorsement. For additional details on the Report, please visit the "Quarterly Loan Review Findings Report" tab on our lender page at www.hud.gov/lenders.

Loan Sample Characteristics >>>

Total Loans Reviewed:	6,645	Purchase:	77%
Conforming:	16%	Rate & Term Refinance:	6%
Deficient:	36%	Streamline Refinance:	17%
Initial Unacceptable:	48%	HECM:	0%
		EPDs:	43%

Finding Category	% of Total	% Unacceptable (U)
Program Eligibility	10%	49%
Credit/Underwriting	28%	61%
Collateral/Asset Valuation	6%	33%
Operational Deficiencies	9%	44%
File Documentation	47%	29%
Totals	100%	

Top 5 Findings Ranked by Category

Program Eligibility	% of Total	% U	Credit and Underwriting	% of Total	% U
1. Purchase contract, Real Estate Certificate and/or Amendatory Clause missing, illegible or incorrect.	21%	22%	1. CAIVRS, LDP/GSA authorization, and/or delinquent federal debt issues not properly documented or satisfied.	17%	43%
2. Streamline refinance eligibility criteria not met.	14%	67%	2. Unacceptable, unsupported, or insufficient source of funds.	15%	62%
3. Mortgage amount incorrect, loan-to-value limit and/or statutory limit exceeded.	12%	82%	3. Concerns related to assets derived from gift(s).	12%	64%
4. Borrower not owner occupant, property not principal residence, possible investor issues and/or eligibility requirements for principal residence not met.	11%	30%	4. Obligations of borrower(s) (non-purchasing spouses included) omitted, inaccurate, not supported, not disclosed, and/or illegible.	12%	67%
5. Issues related to National Mortgage Licensing System registration requirements.	11%	26%	5. Income improperly documented.	12%	61%
6. All other	31%	63%	6. All other	31%	67%
	100%			100%	
Operational Deficiencies	% of Total	% U	File Documentation	% of Total	% U
1. Data integrity deficiencies: File documentation does not support Accept/Approve decision in AUS.	42%	53%	1. Form HUD-92900-A not properly completed or missing.	22%	10%
2. Lender Insured data integrity concerns: Insured loan data entered in FHA Connection is not supported by file documents.	26%	25%	2. Uniform Residential Loan Application not properly completed or missing.	12%	8%
3. Unallowable, excessive costs/credits to borrower or other HUD-1 and/or Good Faith Estimate inaccuracies.	16%	63%	3. HUD-92900-LT FHA Loan Underwriting and Transmittal Summary is missing, illegible or incorrect.	11%	10%
4. Non-Lender Insured data discrepancies exist between information entered in FHA Connection and the case binder, but do not affect loan approval or insurability.	11%	21%	4. Form HUD-92800.5B substantially incomplete, incorrect or missing.	9%	8%
5. Sales contract dated less than 91 days from acquisition date by seller.	2%	71%	5. Existing construction in Special Flood Hazard Area (A or V Zone) without evidence of flood insurance.	8%	66%
6. All other	3%	63%	6. All other	37%	49%
	100%			100%	

Top 5 Findings Ranked by Category (Continued)

Collateral/Asset Valuation	% of Total	% U
1. Concerns related to Sales Comparison Approach section of the appraisal report.	38%	13%
2. Concerns related to the Neighborhood, Site, and/or Improvements section of the appraisal report.	35%	27%
3. Property does not meet Minimum Property Requirements or Standards.	13%	73%
4. Repairs not acceptably addressed.	7%	86%
5. Appraisal is missing or expired.	5%	50%
6. All other	2%	56%
	100%	